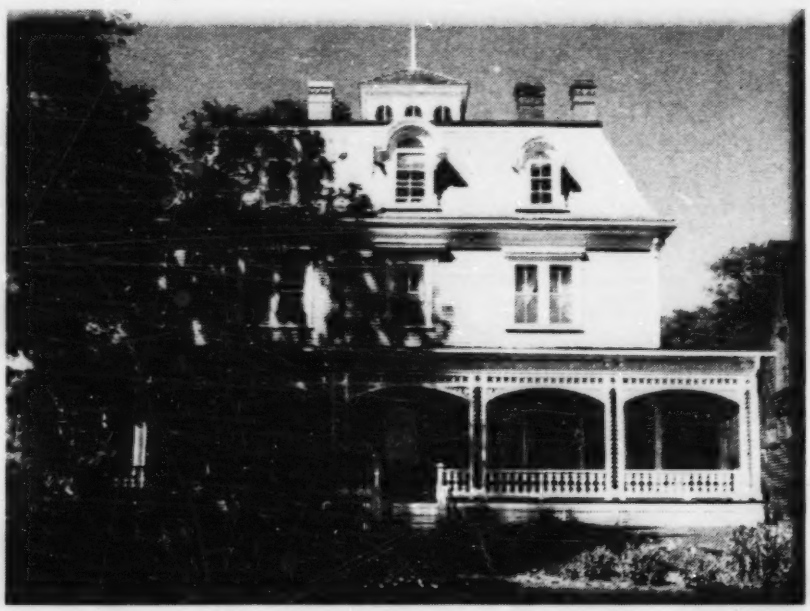
PRINCE EDWARD ISLAND
MUSEUM
& HERITAGE FOUNDATION

Annual Report



Prince Edward Island
CANADA

Community and
Cultural Affairs

2000-2001

102-06725/

Board Members
April 2000-March 2001

Andrew Robb
Chairperson

Rundell Seaman
Vice-Chair

C.W.J. Eliot
Secretary

Don LeClair
Treasurer

John Cousins

Ronald MacDonald

Harry Holman

Bruce Garrity

Mike Kohler

Doreen Sark

Eldon Jamieson

Purpose

The purpose of the museum is "to study, collect, preserve, interpret, and protect the human and natural heritage of Prince Edward Island."

Vision

Prince Edward Island is a community where heritage and culture are valued, where Islanders and visitors understand, enjoy and embrace heritage.

Mission

As the custodian of Prince Edward Island's human and natural heritage, the museum will use resources and professionalism to work with individuals, communities and other partners to ensure the past is present in our lives.

Strategies

The museum will be an exciting and informative place to explore the heritage of our unique community so that the future may benefit from the past.

The museum will display and promote the beauty and drama in the diversity of Island history.

The museum will provide a wide range of quality opportunities and ways by which all people can experience and appreciate the unique heritage of Prince Edward Island.

MUSEUM & HERITAGE
PRINCE EDWARD ISLAND

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ORWELL CORNER
HISTORIC VILLAGE
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SHIPBUILDING MUSEUM
& HISTORIC YEO HOUSE
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September 11, 2001

The Honourable Gail Shea
Minister of Community and Cultural Affairs
Prince Edward Island

Dear Minister Shea:

I am pleased to transmit to you the 2000-2001 Annual Report of the Prince Edward Island Museum and Heritage Foundation.

During the past year the organization had some remarkable achievements, and these are detailed elsewhere in this report. The combination of a tireless, willing group of volunteers, and a dedicated, skilful staff made these possible. Ed MacDonald's history of PEI in the twentieth century, the Beaconsfield restoration project, and the establishment of the Jaynes Trust, will all have an important legacy. The provision of additional resources to address the chronic under funding of the museum system's core functions was also most welcome.

Despite these positive achievements, the organization has no shortage of challenges facing it over the next few years. Finding a new and secure home for the provincial collection in the form of a new Artifactory is at the head of the list. I hope that in our next Annual Report we will be able to report progress in dealing with this need. Beyond that, there is a need for the refurbishing of our aging sites, and the development of programs to meet the needs of a more demanding museum clientele.

With our excellent staff and volunteer resources I'm confident that we can meet these challenges.

Respectfully submitted,

Andrew Robb, Chair

Andrew Robb, Chair
Prince Edward Island Museum and Heritage Foundation
Beaconsfield,
2 Kent St.,
Charlottetown.

Sir:

I am pleased to submit this report of the activities of the Prince Edward Island Museum and Heritage Foundation for the fiscal year ending March 31, 2000, along with the Report of the Auditor General.

The P.E.I. Museum continues to pursue its strategic directions embodied in the Strategic Plan 1997-2000. One of the highlights the past year was the publication of *If You're Stronghearted - Prince Edward Island in the Twentieth Century*. Authored by Dr. Edward MacDonald, the Museum's former Curator of History, this project was conceived, managed and funded by the private sector as a Millennial gift to the people of Prince Edward Island. Of the four thousand copies printed thirty-five hundred have been sold.

Another highlight was the successful conclusion of negotiations among the Trustees of the late Julian Jaynes, his sister-in-law, and the Museum. In June the Board announced the establishment of the Robert and Mildred Jaynes Trust to support the acquisition of property of historical, architectural, natural or cultural interest for the purpose of imposing restrictive covenants protecting properties of historical, architectural, natural or cultural importance. Simultaneously, the Board accepted the Bayfield/Jaynes property and leased it to Mrs. Jaynes. The Jaynes' Trust marks the rejuvenation of the Museum's commitment to the protection of the Island's built heritage.

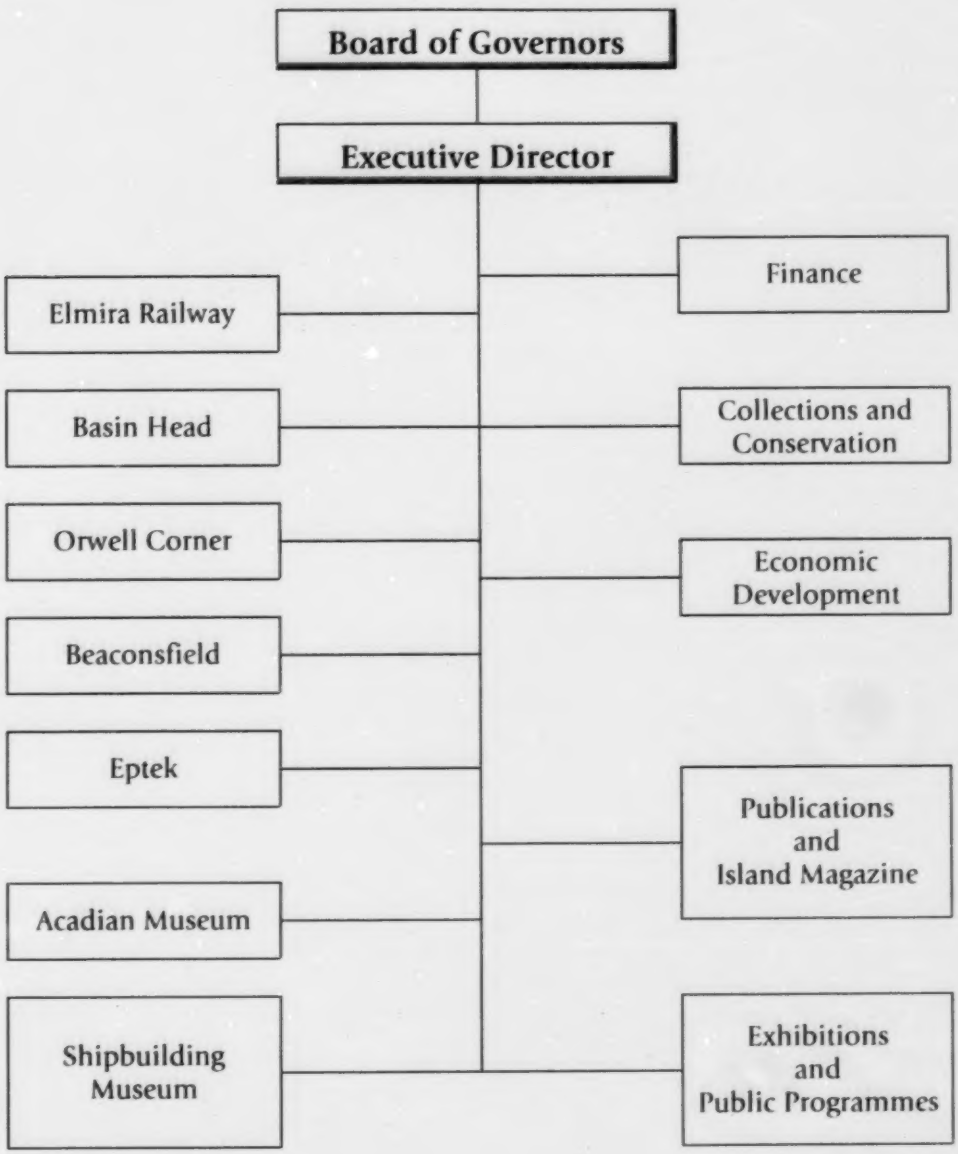
The work of the Millennial Gift Committee, the corporate sector support obtained for the restoration of Beaconsfield and the expanded activities of our economic development staff in fundraising, mark the enhanced work of the Museum in engaging the private sector's support. Nevertheless, the withdrawal of Museum Assistance Program funding for our basic public programs, which reflects the federal official view that culture and heritage are in the first instance a provincial responsibility, and the *status quo* provincial appropriations have finally spotlighted the Museum's chronic under funding by the Province.

The Museum's greatest resource has been and remains the Museum's talented and committed staff. From the senior curators to the student employees, it is their ability and their belief in the value of the Museum to the Island and its unique heritage which have allayed financial problems.

Respectfully submitted,

Christopher Severance
Executive Director

Organization Chart
April 2000-March 2001



Museum Goals

The Museum's purpose is to study, collect, preserve, interpret, and protect the human and natural heritage of Prince Edward Island for the use, benefit and enjoyment of the people of the province. To guide its direction and priorities the Museum operates according to a five-year Strategic Plan first developed in 1996 and annually reviewed and adjusted for the Museum as a whole, and its components. The goals are those areas where the Museum is committed to achieving significant improvements as well as maintaining its current level of operation in other areas.

The annual report outlines the current priority goals and provides the measures against which results may be compared. The Museum wishes to be seen as:

- a vital aspect of Island society
- knowledgeable and caring interpreters of heritage
- a key component in the tourist industry
- involved with meaningful activities
- part of the community

The Board has identified three areas for special emphasis:

1. The Collection where we will collect and preserve material history significant to P.E.I.'s heritage.

2. The Program where we will make available Island heritage to residents and visitors, provided by our publication activities, extension service and the seven branch museums: Green Park Shipbuilding and Yeo House, The Acadian Museum, Eptek National Exhibition Centre, Beaconsfield Historic House, Orwell Corner Historic Village, Basin Head Fisheries Museum and Elmira Railway Museum.

3. Advocacy where we will promote appreciation and preservation of Island Heritage, answer Islanders' expectations, and support the preservation of community heritage.

Human Resources

The Museum's commitment to the development of its employees in response to its own needs and those of our clients has not been as strong as we would have wished. Improvements in performance planning and evaluation, educational leave, leadership development and employee recognition are being planned. More positive action in this area depends upon financial resources. In May every employee was afforded the opportunity to attend the Canadian Museums Association Conference.

We identified seven full and part-time positions to be filled as part of the province's move to permanently create work that is required on an ongoing basis. The new permanent position of Curator of Collections and Conservator was established and filled. The Orwell half-time farmer position was joined with the half-time preparator position. Dr. Ed MacDonald resigned as Curator of History. In October Linda Berko joined the permanent staff as Curator of Collections and Conservator. Boyde Beck continues as Curator of History with Exhibition and Publication responsibilities. Program Assistant Cecile Arsenault remains on temporary assignment with Francophone Affairs.

In February, the unexpected passing of Wendell Boyle, Director of Orwell and Museum Public Programme Officer, created a significant gap. His dedication to the development of Orwell Corner Historic Village and his passion for the Island's heritage were very special. The process of identifying his successor is underway.

In addition to our permanent staff, we have an essential group of seasonal casuals, several of whom have worked for the Museum for nearly twenty-five years. Beyond the seasonal employees the Museum is dependent upon staff provided from the Jobs for Youth Program, Employment Development Agency, Human Resource Development Projects, Industry Canada and the like.

Endowment Trust

The Endowment Fund Trustees met twice, in July to approve a $20,000 contribution to support publishing, *The Island Magazine* and the operation of Beaconsfield. At their second meeting the investment policy was changed to allow 40% of the funds to be invested in Equity Funds. The Board asked the Trustees to assume control of the $ 40,000 Heritage Savings Fund. Trust income continues to exceed our annual financial request. Chief Justice Gerard Mitchell replaced retiring Chief Justice Norman Carruthers in January.

Government Support

Throughout the 1990s, like most Canadian cultural institutions, the P.E.I. Museum was subjected to considerable reduction in financial support from senior governments, especially the province. In 1989 the province provided $ 702,000 toward an operating budget of $ 871,000 (80% funding); Eleven years later the provincial appropriation was $613,000 in an operating budget of $1,300,000 (47% funding). Early in the year 2000 the Museum Board decided: (1) to run an operating deficit rather than cut services, hours and lay off staff, and (2) to lay the issues before the responsible Minister. The Board's argument has met with success: Government has addressed the Museum's operating deficit and increased its 2001-2002 contribution by over $100,000. We can look forward to *status quo* operations in 2001-2002.

Federal grant programs focussed upon special projects which could be viewed as outside the provincial responsibility. On one hand, federal backing for in-province public programs through the Museum Assistance Program ended. Simultaneously, significantly more MAP funding was provided for an exhibition to travel outside the province. We continue to have good success obtaining special project and human resource development funds.

The Board has had no success seeking property tax relief and operating support from the Cities of Charlottetown and Summerside. This may be attributed to their impression that the P.E.I. Museum is an arm of the provincial government and is fully funded. The establishment of Wyatt Heritage Properties operationally supported by Summerside indicates the potential for a municipal role.

Sale of Professional Service

We have in the Museum's Collection together with its talented staff, resources which we market to the public and private areas: We provided artifacts, conservation services and an exhibition for Avonlea Village in Cavendish. The Museum's conservator provides services for the Department of Veterans Affairs, other public institutions and the private sector. As well, a book on Island churches has been commissioned by the Department of Tourism.

Canadian Museums Association Conference

More than three hundred museum workers including staff, friends, and board members attended the 53rd Canadian Museum Association Conference, *Charting Our Course*, May 9-13. Former Museum Chair Paul H. Schurman presided over the host committee while the Executive Director and several staff members - Mmes Fraser, Berko and Gallant worked on the programme committee. All were assisted with clerical support by Nora Young. The CMA last visited the Island in 1970.

Heritage Preservation

Jaynes-Bayfield House

Substantial advances were made in preserving the Island's built heritage. After several years of discussion the Board was able to accept Julian Jaynes' bequest of his summer residence in Keppoch. Professor Jaynes' sister-in-law, Mildred Jaynes, has leased the property for an indefinite period and donated $100,000 to the Jaynes Trust. The Jaynes Trust, under the guidance of the Trust Committee, will permit the board to purchase heritage properties, attach protective covenants and offer the property for sale. The Trust Action Committee is working out terms of reference.

Holman House

For years the protection of the Holman House as an important heritage building in Summerside was a concern. Owned by the International Fox Museum and Hall of Fame, its options for sale were tightly controlled by protective covenants held by the P.E.I. Museum. Unfortunately, the twenty-five-year term was scheduled to end in 2009. The owner wished to sell to a sympathetic buyer, who was prepared to accept protective convents. New covenants were agreed to without an expiry date.

Heritage Awards

The Board's heritage awards program continues to be very well received. Recognition is given for publishing, writing, architectural preservation, genealogy, general activities of a heritage character and an Award of Honour. There is no doubt that the awards give an annual uplift to the Island's sometime beleaguered heritage movement.

Heritage Plaque Program

Since 1996 applications for plaques have levelled off to one per year. Of the one hundred or more plaques now in place, most were mounted in the 1970s. This program could be reexamined if the province institutes a heritage marker for buildings listed under the Heritage Places Protection Act.

Goals

The Collection

I regret to report that we have made no progress in addressing the Board's top priority - replacement for the present collection storage facility. Over several years, considerable efforts have been expended to elicit the support of the province for this crucial project with no result. It is the provincial collection, and its meaning to the Island's heritage which lies at the very core of the Museum. Its protection and care must always be the first consideration of the staff, Board and, one would hope, the province. The Board has failed to convince government to advance this critical issue. The collection remains at risk!

The collection transfer from the Confederation Centre Art Gallery and Museum has been completed. Linda Berko has been selected as the permanent Curator of Collections and Conservator. Unfortunately we remain unable to fill the contract position of assistant registrar.

The Collection continues to grow through donation. In the near future provision needs to be made to review the Collection. Each of the 70,000 plus objects should be reconsidered from the aspect of its pertinence to the Island's heritage and condition. Having acknowledged this objective, a review would require additional funding to purchase both the time and the expertise not available from either the Museum's *status quo* budget or our hard-pressed staff. Integration of the management of the Acadian Museum's collection has not occurred.

Conservation Service

Established in 1998, with one-third start up funding from the Museum Assistance Program (MAP), the sale of conservation services was designed to generate sufficient funds to cover part of the cost. I am pleased to report that service has been well received and is meeting revenue objectives. Of more significance, a qualified conservator is available to the provincial collection.

Partnership

The Museum has participated in the development of a Cultural Tourism Strategy with the Departments of Community and Cultural Affairs, Department of Tourism, Department of Canadian Heritage and others.

Economic Development

The department has four sections, those being: Branding, Marketing, Memberships and Fundraising. The reporting year ending March 31, 2000 was a transition year for both the department and the foundation.

The year began with the final touches being put on the new branding strategy. This plan was initiated and developed by the Board's Communication and Marketing Committee, chaired by Mr. Rundell Seaman. Committee members included: Urban Carmichael, Aubrey Bell, Bruce Garrity, and the consulting firm of Baker and MacNaughton. Much thanks for their long hours and continuous support. The final product and the core theme, *The Stories of Prince Edward Island*, will greatly assist us in our future marketing and promotional endeavours.

Once the branding strategy was in place, attention was focussed on the following marketing areas: communications objectives, product/brand benefits, identifying branding opportunities, public relations, sales promotions, and target media advertising.

With many of these activities well underway, our thanks go to Graphic Detail Inc. for its work in designing the graphics for the corporate and site logos, signage and stationery products.

The year 2000 saw a drop in membership, however, this coincided with a marked increase in private sector and membership gift and project contributions. Our millennium year saw the museum embark on two very aggressive fundraising programs. The Beaconsfield Millennial Project and the Millennial Gift Fund. These efforts raised significant dollars and both committees should be extremely pleased.

Application has been made for financial support from the Museum Assistance Program for the advancement of marketing and development strategies.

The Sites

The Museum system's seven branches enjoy and benefit from the dedicated services of long time staff in both the classified and casual categories. Some individuals in the casual group have over twenty years of service. It is also to be expected that change is not always easy to negotiate in the face of deeply ingrained ways of getting the job done. Each site has either a community board or friends association. These are invaluable resources for advice and support to every site director.

Since 1998 the Tourism Labour Market Development Program, administered by TIAPEI (Tourist Industry Association of P.E.I.) has provided a wage subsidy for extended spring and autumn hours at all sites. This has permitted the basic season beginning in mid-June to Labour Day to be extended from thirteen weeks to twenty or more weeks. The wage subsidy and the modest earned revenue does not come close to covering our salary cost. We recognize that to extend the tourist season, attractions such as the provincial museum system should be open.

Elmira Railway Museum

The Eastern Kings community was mobilized in 1999 by the interest shown by the Borden Railway Heritage Park in acquiring Elmira's Railcar. A direct result was the formation of the Friends of Elmira who developed a site enhancement plan in several phases. The Friends put together a funding package and were successful in obtaining federal and provincial support. Phase one included the upgrading of the freight shed for washrooms, a limited food service and possible bicycle rental, a new exhibition building for the model railway exhibition and upgrading of the admissions building. The issue of the disposition or rehabilitation of the Mail Car remains; however, in early spring we can look toward an assessment by staff of the Canadian Conservation Institute. With this in hand, the Museum along with the Friends of Elmira, should be able to determine a course of action.

Basin Head
After the expansion of the site under the Eastern Kings Development Corporation in 1998 and 1999 Basin Head Fisheries Museum continues to enjoy good attendance and revenue. An agreeable working relationship continues between the staff of the museum and provincial parks. Considerable interest has been centred around the Basin Head Lagoon's potential as a protected marine area. An agreement has been signed with Fisheries and Oceans for additional display material on this lagoon for the Cannery Building.

Orwell Corner Historic Village
The untimely death of Orwell's director, Wendell Boyle will mark a turning point for the village and the Orwell Museum Board. Orwell held its own in attendance and revenue generation against a general decline in the tourist industry. In 2001, new leadership at Orwell will certainly change the public program, which had carried the personal mark of the late director.

The Orwell Board successfully sought federal and provincial funding for the development of a Strategic Plan. The Consultants, Cardinal Communications of Halifax have (1) explored and determined the economic impact of existing heritage resources located within Southern Kings and Queens Region in relation to Orwell and (2) provided a concept development package that details potential access and uses of properties adjacent to the village and their potential in relation to the proposed Agricultural Interpretive Centre and Visitor Service Centre. Also explored will be the impact that development will have on job creation, revenues and operating costs. The final report will be available early May 2001.

Beaconsfield Historic House & Carriage House
Beginning in late 1999 and concluding in August 2001, the restoration of Beaconsfield and upgrading of the Carriage House provided a focus. This project will cost $250,000 with the Millennial Bureau of Canada providing one-third of the funds. The House was open to the public daily July through September and continued with a variety of programs over the winter months. Remaining popular for the summer and fall seasons were *The Great Prince Edward Island Children's Festival*, school programming and the cruise ship tours.

Eptek National Exhibition Centre
Eptek Centre's place in the museum system has changed. It was built as a National Exhibition Centre in 1978 with the specific role of presenting travelling exhibitions under the National Museum Policy. Dedicated annual federal funding ($24,900) for Eptek ended in the mid-1990's, when the Department of Canadian Heritage concluded the NEC program. Concurrently the number of travelling exhibitions declined and the rental cost skyrocketed. Meagre federal support under the Public Access component of Canadian Heritage Museum Assistance Program permitted the allocation of modest programming funds. This program ended in 1999. As a result Eptek's annual offerings have been, over time, reduced to three or four exhibitions from the early days of ten to twelve: these exhibitions, largely in-house productions, often featured Island artists and craftspeople with much of the work for sale. Eptek is a fine facility which should continue to serve Islanders and their visitors. In 2001 the Board will be asked to consider Eptek's mandate.

Nonie Fraser, Director
Eptek National Exhibition Centre

Acadian Museum

L'Association du musee acadien incorporee became the seventh site of the provincial museum system on April 1, 1996. Generally, both parties find the arrangement satisfactory. The balance between the central authority of the Board of Governors and the independence of action retained by the Acadian Museum staff and board is carefully maintained. The Museum's contract employees were included in the casual conversion program, thus becoming classified regular civil servants.

Green Park Shipbuilding Museum and Yeo House

Green Park Shipbuilding Museum has long been a problematic site as a result of disconnected management and changing leadership. Since 1998 Green Park has stabilized and shown excellent growth in attendance and revenue. There have been and remain issues of staff morale which must be satisfactorily addressed in 2001.

Visitation

The Museum's attendance figures and earned revenue are largely the result of the Island's tourism industry. Four of our seven sites are open only during the May to October period. In a year which saw a general decline in visitation to the Island, the Museum's attendance figures also saw a overall reduction.

Attendance January to December 2000

Branch Museum	1999	2000	Percent
Elmira	3937	5640	43.3%
Basin Head	18769	15631	-16.7%
Orwell	17661	17651	-0.6%
Beaconsfield	9528	7535	-21.0%
Eptek	15695	12453	-20.7%
Acadian Museum	8784	8243	-6.2%
Green Park	8411	9233	9.78%
	82785	76296	-7.8%

Competition

While not recognized in either legislation or mandate, the unvarnished truth is the seven museum sites are in competition with a growing number of public and private sector attractions. The authentic heritage of the Island, as presented by the P.E.I. Museum, contends with flash and mythology-based attractions, usually capitalized by the taxpayer and predicated with untenable business plans. While the shift of Ministerial responsibility from Education to Community and Cultural Affairs was welcome, the central importance of tourism to the Museum remain to be satisfactorily reflected.

Exhibitions and Programs

The Museum continues to encourage cultural awareness and heritage knowledge by means of diverse exhibition and public programs. Of particular note was Eptek's *The Fairest Land: A Thousand Years of Island Landscape* and the Acadian Museum's *The World According to Fabian Deagle: Paintings and Sculptures by an Island Acadian Artist.* Each of the seven museums has a full program of public presentations. In addition, we partner with the Institute of Island Studies in the popular *Island Lecture Series.* The Board's Institute of Island Architectural Studies and Conservation held its second annual lecture series in January.

Exhibitions and programs including special events, such as Green Park's Blueberry Social, are central to building and sustaining visitation. An individual will visit Beaconsfield once to look at the restored interior but they will return again either for a lecture, book launch, film, book club or garden party. The basic principle is that all exhibitions and special events must in someway connect to the Museum's purpose.

Federal funding for public programming at Eptek, Beaconsfield and the Acadian Museum ended in 1999-2000. This issue was not addressed in the 2000-2001 provincial appropriation. Nevertheless, the Board of Governors adopted a program budget sufficient to maintain the established level of programs. This in not good enough! Successful programs require investment of time and money to present high quality productions. Islanders and their visitors should receive value from the program/user fees charged.

The 1983 Museum Act commissions the Museum to "...study, collect, preserve, interpret, and protect the human and natural heritage of Prince Edward Island..." In practice the natural history mandate has not been pursued, essentially because our financial resources have never been sufficient to "open a second front." Even our human heritage responsibility have focussed upon the museum purpose, centred on the seven branch museums and the provincial collection.

The P.E.I. Museum joined with the Newfoundland Museum, New Brunswick Museum, the Art Gallery of Nova Scotia and the Museum of Civilization on a national travelling exhibition on the heritage of fishing in Eastern Canada. Under the direction of Curator Boyde Beck we developed the story of the Lobster Fishery on the Island. Funded by a $90,000 grant from the Museum Assistance Program, the exhibition will remain on display at the Museum of Civilization until February 2002, when it will travel in sections across Canada with several venues on the Island. The Lobster Fishery component will eventually be installed at Basin Head Fisheries Museum.

The second half of the late Wendell Boyle's position was public programme officer with in-school visits as one responsibility. Several thousand Island children participate each year in the program. In addition there are a number of "Things-in-a-truck" edukits which allow teachers to take artifacts into their classrooms.

Publishing

Completion of Dr. Ed MacDonald's *If You're Stronghearted, Prince Edward Island in the Twentieth Century* was the year's banner publishing event. Funded by the private sector as a Millennial gift to Islanders, the book is a major contribution to the Island's historiography.
The Island Magazine continues to be a popular offering with two numbers issued in June and December.

Nearing completion is a pamphlet about Historic Island Churches, authored by Boyde Beck, funded by a grant from the P.E.I. Department of Tourism.

Government House Committee

Renovation and redecoration of the Royal Suite's two bathrooms were completed, a security system installed and the Lieutenant Governor's Morning Room refurbished. Planning continues for a new heating system. Committees were formed for long-range planning and to compile Fanningbank's records and catalogues.

The Garden Committee reports a new arbour has been placed. Plans include under planting of selected trees, an additional rose garden and a new shrub garden. All plantings are chosen to reflect the historical integrity of Government House. The Adopt-a-Tree project permits donations of either plants or money; more than $1,200 was received.

Institute of Architectural Studies and Conservation

This report covers the period September 2000 to June 2001, when the Board continued monthly meetings. The Annual Meeting took place on November 23, 2000 at Beaconsfield, with Dr. William Hockey as guest speaker on the subject of "The Value of Conservation."

The Board included James Macnutt, Chair, Robert Tuck, Vice-Chair, Todd Saunders, Secretary, Margot Thompson, Treasurer, and Alain Cunningham, C.W.J. Eliot, Michael Kohler and Arnold Smith as members.

The Board's discussions concerned three subjects: public lectures and associated publications; the role of advocacy, policies and procedures; and the project entitled "An Inventory (and Publication) of the Architecture Identified and Valued as Significant by the Community." The presentation of a four-part series of lectures on the theme of "Understanding Island Architecture" was continued in 2001 at Beaconsfield's Carriage House. The speakers were Reginald Porter on the evidence for the design of gardens on PEI in the 19th century, Willie Eliot on the restoration and conservation of Fanningbank, Faye Pound on heritage houses of Summerside, and Robert Tuck on the architecture of James Harris. The series had an average attendance of fifty. Three of the four lectures were repeated at Eptek in Summerside.

With respect to the publication one has been printed, Cannon Tuck's study of the architecture of William Harris. Future publication following the model of the first are being planned.

A discussion paper on the Institute's role in the field of advocacy was prepared by Alain Cunningham. The Board agreed that this was a very important responsibility however carefully it had to be approached, and authorized the presentation to the board of the PEI Museum and Heritage Foundation of a proposed policy and procedures to govern activities in this significant field.

The preparation and publication of an inventory of the heritage architectural resources within the Island's communities, is a complex project. The Institute is concerned to plan effectively for the infrastructure necessary, the editorial requirements, and the financial resources. Its first move to seek these crucial elements has been to talk to possible partners. Discussions have taken place with Holland College, the PEI Community Museums Association and the Institute of Island Studies. Until arrangements can be made with partners limited progress can be made.

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND

MUSEUM AND HERITAGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2001

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To The Board of Governors of the
Prince Edward Island Museum and Heritage Foundation

I have audited the balance sheet of the Prince Edward Island Museum and Heritage Foundation as at March 31, 2001 and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
July 05, 2001

STATEMENT 1

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 2001

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2001 Total	2000 Total
ASSETS							
Current							
Cash	$ 97,635	$ 20,987	$ 6,506	$ -	$ 5,597	$130,725	$ 66,990
Accounts Receivable							
- General	32,065	-	1,716	791	200	34,772	39,558
- Province of PEI	3,750	-	-	-	-	3,750	45,000
Amounts Due Between Funds - (Note 9)	(19,273)	-	39	255	18,979	-	-
Inventory - (Notes 2 & 5)	90,020	-	-	-	-	90,020	52,409
	204,197	20,987	8,261	1,046	24,776	259,267	203,957
Long Term							
Investments (Notes 2 & 10)	17	83,248	403,628	15,932	5,014	507,839	420,751
Land, Buildings and Equipment (Notes 2 & 7)	64,095	-	-	-	-	64,095	75,709
Artifacts (Note 2)	1	-	-	-	-	1	1
	64,113	83,248	403,628	15,932	5,014	571,935	496,461
	$268,310	$104,235	$411,889	$16,978	$29,790	$831,202	$700,418
LIABILITIES AND FUND BALANCES							
Current							
Accounts Payable							
- General	$ 61,023	$ -	$ -	$ -	$ -	$ 61,023	$ 43,515
- Province of PEI	77,254	-	-	-	-	77,254	116,759
Deferred revenue	45,792	-	-	-	-	45,792	43,357
	184,069	-	-	-	-	184,069	203,631
Fund Balances - Statement 2							
Invested in Capital Assets	64,096	-	-	-	-	64,096	75,710
Externally Restricted (Note 4)	-	104,235	411,889	-	-	516,124	364,813
Internally Restricted	-	-	-	16,978	29,790	46,768	34,562
Unrestricted	20,145	-	-	-	-	20,145	21,702
	84,241	104,235	411,889	16,978	29,790	647,133	496,787
	$268,310	$104,235	$411,889	$16,978	$29,790	$831,202	$700,418

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

AUDITOR GENERAL - CHARLOTTETOWN, P.E.I.

STATEMENT 2

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2001

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	Millennial Gift Fund	2001 Total	2000 Total
REVENUE								
Provincial Grants (Note 6)	$ 800,924	$ -	$ -	$ -	$ -	$ -	$ 800,924	$ 633,906
Federal Grants (Note 11)	121,525	-	-	-	-	-	121,525	108,897
Memberships and Donations	45,469	100,000	50	255	-	65,971	211,745	106,337
Admissions and House Events	156,592	-	-	-	-	-	156,592	165,163
Publishing Sales	24,145	-	-	-	-	60,744	84,889	33,842
Investment Income	3,095	4,235	28,561	749	1,478	46	38,164	32,220
Other	104,385	-	-	-	-	-	104,385	68,625
	1,256,135	104,235	28,611	1,004	1,478	126,761	1,518,224	1,148,990
EXPENDITURE								
Artifact Collection and Equipment	5,712	-	-	-	-	-	5,712	11,564
Amortization	11,614	-	-	-	-	-	11,614	14,038
Federal Projects (Note 11)	113,637	-	-	-	-	-	113,637	82,550
Insurance, Taxes and Interest	19,028	-	-	-	-	-	19,028	18,580
Office and General	122,922	-	-	-	-	-	122,922	116,895
Public Programme	62,206	-	-	-	-	-	62,206	25,395
Publishing	(6,060)	-	13,000	-	-	47,560	54,500	21,640
Repairs and Maintenance	107,643	-	7,000	-	-	-	114,643	77,578
Travel	6,781	-	-	-	-	-	6,781	8,315
Utilities	55,941	-	-	-	-	-	55,941	44,290
Wages and Employee Benefits (Note 8)	785,332	-	-	-	-	15,562	800,894	770,209
	1,284,756	-	20,000	-	-	63,122	1,367,878	1,191,054
Net Income (Loss) for the Year	(28,621)	104,235	8,611	1,004	1,478	63,639	150,346	(42,064)
Fund Balance, Beginning of Year	97,412	-	405,528	15,974	28,312	(50,439)	496,787	538,851
Transfer Between Funds	15,450	-	(2,250)	-	-	(13,200)	-	-
Fund Balance, End of Year	$ 84,241	$104,235	$411,889	$16,978	$29,790	$ -	$ 647,133	$ 496,787

(The accompanying notes are an integral part of these financial statements.)

AUDITOR GENERAL - CHARLOTTETOWN, P.E.I.

STATEMENT 3

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	Millennial Gift Fund	Total 2001	Total 2000
SOURCES OF CASH								
Provincial Grants	$ 827,079	$ -	$ -	$ -	$ -	$ -	$ 827,079	$ 612,000
Federal Grants	147,154	-	-	-	-	-	147,154	125,652
Memberships and Donations	46,261	100,000	50	255	-	65,971	212,537	106,337
Operating Activities	283,801	-	-	-	-	60,744	344,545	256,717
Investment Income	3,095	4,235	28,959	430	1,310	46	38,075	34,039
	1,307,390	104,235	29,009	685	1,310	126,761	1,569,390	1,134,745
USES OF CASH								
Investment (Increase) Decrease	-	(83,248)	(3,667)	(430)	255	-	(87,090)	(23,958)
Inventory Increase	(37,610)	-	-	-	-	-	(37,610)	(12,510)
Salaries	(826,367)	-	-	-	-	(15,562)	(841,929)	(736,754)
Other Operating Costs	(471,466)	-	(20,000)	-	-	(47,560)	(539,026)	(397,333)
	(1,335,443)	(83,248)	(23,667)	(430)	255	(63,122)	(1,505,655)	(1,170,555)
Cash from Operations and Investment	(28,053)	20,987	5,342	255	1,565	63,639	63,735	(35,810)
Cash Flows on Interfund Transactions	73,601	-	(2,300)	(255)	4,021	(75,067)	-	-
Balance, Beginning of Year	52,087	-	3,464	-	11	11,428	66,990	102,800
Balance, End of Year	$ 97,635	$ 20,987	$ 6,506	$ -	$5,597	$ -	$ 130,725	$ 66,990

(The accompanying notes are an integral part of these financial statements.)

AUDITOR GENERAL - CHARLOTTETOWN, P.E.I.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001

1. **Purpose of the Organization**

   The Prince Edward Island Museum and Heritage Foundation is a registered charitable corporation whose purpose is to study, collect, preserve, interpret and protect the human and natural heritage of Prince Edward Island for the use, benefit and enjoyment of the people of the Province.

2. **Significant Accounting Policies**

   a) **Fund Accounting**

   The Operating Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

   The Endowment Trust Fund was established to support and enhance the effort in the preservation and development of the Province's historic resources. The Endowment Fund reports resources contributed for endowment and the income earned on its investments. Expenditures from income of the Endowment Trust Fund are subject to approval of the Fund's trustees. Expenditures of the Fund's capital may be made with the approval of the Lieutenant Governor-in-Council.

   The Publishing Trust Fund was established to finance publishing projects through loans to the Operating Fund. Money from the fund may be loaned to finance projects recommended by the Board's Publishing Committee and approved by the Board of Directors. Loans bear interest at the prevailing prime rate.

   The Orwell Trust Fund was established to assure the recognition of the efforts of Orwell Corner Historical Site in becoming a financially viable operation. The Fund's resources are used to make improvements and enhancements to the historical site.

   The Robert and Mildred Jaynes Trust was established to support the acquisition of property for the purpose of imposing restrictive covenants protecting historical, architectural, natural or cultural importance. Properties once protected will be offered for sale and proceeds returned to the Trust. Control of expenditures is governed by a Board of Trustees.

   b) Amortization is calculated on the straight-line basis at the following rates:

Buildings	4%
Equipment	20%
Inventory	20%

   Fully amortized equipment will be carried on the balance sheet at a nominal value of $1.

AUDITOR GENERAL - CHARLOTTETOWN, P.E.I.

c) The capitalization policy is to capitalize all additions greater than $5000.

d) Property acquired as a result of a bequest of the late Julian Jaynes has not been capitalized as it is not used in ongoing operations.

e) Artifacts are recorded on the balance sheet at a nominal value of $1. Due to the nature of these items the historical and intrinsic value is not readily measurable.

f) Inventory has been valued at the lower of cost and net realizable value. Books published by the Foundation are amortized by the straight-line method to determine net realizable value.

g) The value of donated materials and services is not reflected in the financial statements.

h) Investments are valued using the cost method. Interest revenue is recognized on strip bonds based on stated yield rates at purchase and cost is adjusted as income is recognized. For other investments interest revenue is recognized on an accrual basis and recorded cost represents the initial acquisition cost.

3. Terminated Funds

The Board of Directors decided to eliminate the Heritage Savings Fund by transferring the Fund assets to the Endowment Trust Fund. The financial statements reflect this combination.

The Millennial Gift Fund was established to prepare a narrative history of Prince Edward Island during the Twentieth Century. Effective March 31, 2001, the Millennial Gift Fund has been wound up with the equity and asset balances being transferred to the operating fund. The Statement of Operations and Changes in Fund Balances reflects the activity of the Millennial Gift Fund for the March 31, 2001 year.

4. Externally Restricted Funds

(a) Robert and Mildred Jaynes Trust Fund

As a result of a bequest of the late Julian Jaynes the Foundation acquired land and building situated in Stratford and the Robert and Mildred Jaynes Trust Fund of $100,000 was established. The land and building have been leased in exchange for maintenance and insurance coverages on the property.

The Robert and Mildred Jaynes Trust Fund is administered by three trustees:

- The Minister of the Government of Prince Edward Island responsible for the Museum Act
- The Chairman of the Board of Governors of the Museum
- Mrs. Robert (Mildred) Jaynes, the Settler, and after her;
- The serving PEI Governor of the Heritage Canada Foundation

The trustees may use the principle and income of the fund to support Museum activity of acquiring property for the purpose of imposing restrictive covenants and offering protected properties for sale with proceeds being returned to the Trust. The trustees may also make loans to the Board of Governors of the PEI Museum and Heritage Foundation on such terms and conditions as the Trustees determine.

(b) Endowment Trust Fund

The Endowment Trust Fund is administered by three trustees:
- The Provincial Treasurer of PEI
- The Chief Justice of the Supreme Court of PEI
- The Chairman of the Board of Directors of the PEI Museum and Heritage Foundation.

Normally only the income from investments is expended. Expenditures are to be used on specific projects which are within the aims and objectives of the Foundation.

5. Inventory

	2001	2000
Publishing Inventory		
Original cost	215,267	$175,950
Accumulated amortization	(146,465)	(142,198)
Inventory value	68,802	33,752
Giftshop/Book Inventory - at cost	21,218	18,657
	$ 90,020	$ 52,409

6. Provincial Grants

The Provincial Grants amount of $800,924 includes an operating grant of $744,000, an amount of $17,594 which was recorded as deferred revenue in 2000, and French Services Claim revenue of $39,330.

AUDITOR GENERAL - CHARLOTTETOWN PEI

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2001

7. Land, Buildings and Equipment

The recorded values of land and buildings represent those purchased and donated. Those purchased are recorded at cost and those donated are recorded at appraised value at the time of donation.

	2001			2000
	Recorded Value	Accumulated Amortization	Net Book Value	Net Book Value
Land				
Beaconsfield	$ 9,108	$ -	$ 9,108	$ 9,108
Warehouse	12,500	-	12,500	12,500
	21,608	-	21,608	21,608
Buildings				
Beaconsfield	104,216	104,216	-	2,240
Warehouse	234,343	191,857	42,486	51,860
Elmira Station	15,433	15,433	-	-
	353,992	311,506	42,486	54,100
Equipment	1	-	1	1
	$375,601	$311,506	$64,095	$75,709

8. Wages and Employee Benefits

The employees of the Foundation are entitled to pension and severance and retirement benefits under the terms of their employment. The employer's cost of the benefits plus any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Foundation's financial statements.

During 2000-2001, the Foundation had funding for 343 weeks of employment at various historical sites from the Employment Development Agency. The employees are hired and wages are paid by the Prince Edward Island Employment Development Agency. The total wages and benefits paid to these employees during 2000-2001 was $85,165 and are not reflected in the financial statements of the Foundation.

9. Amounts Due Between Funds

At March 31, 2001 amounts due from the Operating Fund to the Publishing Fund includes a loan balance plus accrued interest of 5% totalling $18,979.

AUDITOR GENERAL - CHARLOTTETOWN, P.E.I.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2001

10. Investments

	2001		2000
	Net Book Value	Market Value	Net Book Value
Operating Fund			
Souris Credit Union Shares	$ 12	$ 12	$ 12
Evangeline Credit Union Shares	5	5	5
	17	17	17
Endowment Trust Fund			
Bonds:			
Province of PEI Bonds, 10 3/4%, maturing Feb. 16, 2001	-	-	30,000
Province of Ontario Bond, 7 3/4%, maturing Dec. 18, 2003	38,360	43,688	38,360
Province of Ontario Coupon, 9%, maturing Sept. 15, 2004	39,355	44,935	39,355
General Motors Acceptance Corporation 5.5% Medium Term Note due June 20, 2005	40,094	39,535	40,116
Strip Bonds:			
Province of New Brunswick, yield 5.37%, maturing Dec. 13, 2000	-	-	19,284
Government of Canada Coupon F36, yield 7.76%, maturing Feb. 1, 2001	-	-	49,680
Province of PEI Coupon, yield 8.56%, maturing Sept. 19, 2002	39,009	40,977	35,933
Government of Canada Bond, yield 7.91%, maturing Dec. 1, 2003	35,910	38,553	33,278
Province of Nova Scotia Coupon, yield 7.08%, maturing Dec. 1, 2005	42,895	45,338	40,058
Sentinel Canada Prin. Ser.1, yield 5.87%, maturing Oct. 1, 2006	20,302	20,548	19,177
Province of Ontario Coupon, yield 5.06%, maturing Dec. 2, 2007	22,439	21,543	21,358
Province of Ontario Coupon, yield 5.17%, maturing Dec 2, 2008	20,778	19,679	19,757
Province of Saskatchewan, yield 6.3%, maturing Jan. 18, 2010	14,462	14,523	13,605
Equity Investments:			
2175 Units Sovereign Cdn Equity Pool	40,011	35,828	-
1720 Units Sovereign US Equity Pool	30,008	27,169	-
1240 Units Sovereign Overseas Equity Pool	20,005	18,773	-
	403,628	411,089	399,961

AUDITOR GENERAL - CHARLOTTETOWN, PE I

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2001

10. Investments (continued...)

	2001		2000
	Net Book Value	Market Value	Net Book Value
Orwell Trust Fund			
Province of PEI Deposit Receipts	5,453	5,453	5,453
Royal Bank GIC, 4.45% maturing June 11, 2001	10,479	10,479	10,050
	15,932	15,932	15,503
Publishing Trust Fund			
Government of Canada Coupon, yield 5.9%, maturing March 3, 2001	-	-	5,270
Government of Canada Coupon, yield 5.8% maturing March 15, 2002	5,014	5,274	-
	5,014	5,274	5,270
Robert & Mildred Jaynes Trust			
Bonds:			
Province of Alberta Euro Bonds, yield 5.94% maturing November 29, 2002	20,794	21,117	-
Province of British Columbia Bond, yield 6.00% maturing June 21, 2004	20,814	19,999	-
Province of British Columbia Bond, yield 5.99% maturing July 29, 2006	20,814	20,000	-
Province of Saskatchewan Bond, yield 6.08% maturing October 10, 2008	20,826	20,001	-
	83,248	81,117	-
	$507,839	$513,429	$420,751

AUDITOR GENERAL - CHARLOTTETOWN, P.E.I

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2001

11. Federal Government Revenue and Expenditures

	2001		2000	
	Revenue	Expenditures	Revenue	Expenditures
Projects				
Heritage Canada Foundation - Young Canada	$ 2,859	$ 3,849	$ 5,507	$ 7,786
Millennial Project - Beaconsfield	28,841	-	23,339	-
Canada/PEI Cooperation Agreement Museum Project Development	10,000	26,483	10,000	9,108
Canadian Heritage and National Archives Control of Holdings Program	-	-	8,048	8,125
Canadian Museums Association Young Canada	14,106	17,783	12,267	14,575
Museum Assistance Program Conservator Training	-	-	10,609	36,074
Human Resources Development Canada SCP Program	5,236	5,239	6,927	6,882
Canada/PEI Agreement on Regional Economic Development	2,168	2,168	-	-
Canadian Heritage Museum Assistance	58,115	58,115	-	-
	121,325	$113,637	76,697	$82,550
General Grant				
Museum Assistance Program Access and Service	-		32,000	
Canadian Heritage Canada Committee	200		200	
	$121,525		$108,897	

Revenue received during a year but not expended is reflected as deferred revenue.

Millennial Project expenditures of $89,044 in 2001 and $67,495 in 2000 are included in the repairs and maintenance, salary, travel, utility and office expenses on Statement 2.

AUDITOR GENERAL - CHARLOTTETOWN, PEI